



United States  
Department of  
Agriculture

Food and  
Consumer  
Service

Mountain  
Plains  
Region

1244 Speer Boulevard  
Denver, CO 80204-2581

Reply to  
Attn of:

SP-00-21  
CACFP-622  
SFSP-412

MAY 24 2000

Subject:

Plaques and Awards as Program Costs

To:

STATE AGENCY DIRECTORS -  
(Child Nutrition Programs)

Colorado ED, Colorado DPHE,  
Iowa, Kansas, Missouri ED,  
Missouri DH, Montana OPI,  
Montana DPHHS, Nebraska ED,  
North Dakota, South Dakota,  
Utah and Wyoming

On several occasions, States that had recognized the program achievements of local offices or agencies under their oversight by awarding them plaques have asked if they could charge the cost of these plaques to their FNS administrative cost grants. The cost of plaques thus awarded is **allowable as a direct cost.**

OMB Circular A-87 (*Cost Principles for State and Local Governments*) does not expressly address plaques and awards. However, A-87, Attachment A, paragraph C.1.a. requires that any cost be both reasonable and necessary to carry out the program in order to be allowable. Under paragraph C.1.b., moreover, a cost can be allowed only to the extent that it is allocable to the program to which it is charged.

This interpretation applies only to awards made by a State agency to its local offices or to subgrantees. The cost of an award covered by this interpretation can be allowable whether the State agency presents it to the awardee organization or to the official of that organization principally responsible for the program achievement being recognized. Funding a plaque bearing the name of an individual official is appropriate when the organization's achievement is primarily attributable to that person's leadership, imagination, initiative, etc., as well as related to the program(s) to which the cost is being charged.

We cannot anticipate and provide for every possible scenario to which this interpretation might apply. Each case must be evaluated on its merits. The appropriate use of this interpretation ultimately depends on exercising sound judgment in incurring cost for plaques and awards. If you have any questions, please contact our office.

*Dallene Sanchez*

for RALPH W. MERRILL  
Acting Regional Director  
Child Nutrition Programs